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C O N F I D E N T I A L SECTION 01 OF 03 LILONGWE 000241

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SIPDIS

LONDON FOR AF WATCHER PETER LORD

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SUBJECT: MALAWI ELECTIONS: WHAT'S AT STAKE?

REF: A. LILONGWE 228

[1](#)B. LILONGWE 78

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Classified By: Ambassador Peter Bodde for Reasons 1.4 b,d

[1](#)1. (C) Summary: A presidential victory by either President Mutharika or MCP leader John Tembo in Malawi's May 19 presidential race would pose its own challenges and opportunities. A Mutharika victory would favor the continuity of key U.S. development initiatives including an MCC Compact, the new PEPFAR partnership framework agreement and other USAID programs. Five more years of the DPP's relatively sound economic management would also support our efforts in Malawi across the board. On the downside, Mutharika's uncompromising nature and the likelihood of another minority government could mean more legislative gridlock. Many, including some in Mutharika's own party, have suggested the President could further usurp Parliamentary powers, bending the Constitution as necessary.

[1](#)2. (C) Tembo's MCP party manifesto is not much different than that of the ruling party. Governing style may be the more significant variable. By forming a coalition with the United Democratic Front, a victorious Tembo would have a working majority in Parliament to pass many long-awaited bills, if he chose to do so. The new administration would take time to get up to speed on USG programs. To minimize delays, a key USG priority would be getting buy-in on current plans for the MCC compact. Other donors might take a "wait and see" attitude toward a Tembo/Muluzi administration due to concerns about corruption and human rights violations in past UDF and MCP governments. Tembo's promise to "protect Muluzi" while holding Mutharika accountable could further politicize anti-corruption efforts. The stability of the MCP/UDF coalition would also be a concern, since the two parties would likely emerge as each other's rivals if their coalition carries the day on May 19. The bottom line is that either a DPP- or MCP-led government could serve as an effective partner for the USG, and each will require intensive engagement from us to keep things on track. What matters most right now is a free, fair and credible electoral process that yields a legitimate government. End Summary.

Mutharika Victory Provides Continuity...

[1](#)3. (C) A victory for President Mutharika and the DPP would provide continuity to long-range USG/GOM projects such as MCC

compact development and the new PEPFAR partnership framework agreement. The U.S. Mission has excellent relationships with key government officials, including Chief Secretary Bright Msaka and the President's brother, Dr. Peter Mutharika, that would help keep projects on track as the new post-election Cabinet is formed. President Mutharika has also publicly committed to expand promising projects such as an agricultural "greenbelt" of irrigated farmland along Lake Malawi as well as improved education, especially of girls, which closely align with top USG foreign assistance priorities in Malawi. Five more years of the DPP's relatively sound economic management would also support our efforts in Malawi across the board, assuming that election-year budget slippage and some populist measures (reftels) would be corrected in a new administration. The UDF's record in this regard was poor from 1999-2004. The MCP has been out of power for 15 years, so its capacity for managing the economy today is difficult to assess.

...But More Gridlock Likely

¶4. (C) Even if Mutharika prevails in the presidential race, however, the DPP will likely fall short of the 97 seats required for a majority in Parliament. Animosity over the DPP's past broken promises to other parties, and the unresolved dispute over Section 65 of the Constitution, would linger into the new Parliament (Note: Section 65 prevents sitting MPs from changing parties without a by-election.) Unless Mutharika shows a willingness to compromise and takes early steps to mend the relationship with the opposition parties, there is a high risk of continued legislative gridlock. Repeated impasses during Mutharika's first administration delayed budget approvals and consequently monetary flows to line ministries and local services. The impasses also shelved many bills supported by the USG, those

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that would increase public access to information, improve the speediness of trials, require the declaration of assets for government officials, and protect human trafficking and child labor victims. These bills might remain in limbo if Mutharika retains control of the State House while opposition parties retain control of the new parliament.

¶5. (C) Many analysts and politicians remain concerned about Mutharika's unconstitutional actions during his first administration. During five years of battling for political survival, Mutharika postponed local government elections indefinitely and flouted constitutional requirements for mid-year Parliamentary budget reviews and other sessions. Mutharika also issued decrees setting commodity prices and criminalizing the sale of maize to private traders without any clear basis in law. Even within his own party, there is concern that if he heads another minority government, Mutharika would counter an obstructionist legislature by further centralizing power in the presidency.

Tembo Victory Means Balancing Act

¶6. (C) A victory by MCP leader John Tembo would have some transaction costs for US policy. Despite his claims that he is a changed man, Tembo's vengeful campaign talk about punishing Mutharika has reminded voters of Tembo's history as Kamuzu Banda's ruthless right hand man. Other donors might take a "wait and see" attitude toward a Tembo/Muluzi administration due to concerns about corruption and human rights violations in past UDF and MCP governments. Post's sense is that even if Tembo remains the same man, Malawian civil society has moved forward after 15 years of democracy and would resist any backsliding on democratic freedoms.

¶7. (C) A ruling coalition with former president Muluzi's United Democratic Front (UDF) would require a careful division of power -- if the alliance holds together. After

being out of power for a decade and a half, the MCP has few experienced ministerial candidates, including for the key post of Minister of Finance. Better known and more experienced figures from the UDF, less than five years removed from power, will likely try to overshadow their less well-known MCP partners, but John Tembo's reputation as a strong and somewhat autocratic leader suggests that he would resist ceding too much power to the UDF. The stability of the MCP/UDF coalition more broadly would also be a concern, since the two parties would likely emerge as each other's main rivals if their coalition carries the day on May 19. Some grinding of political gears seems likely, but Tembo and Muluzi are both more skilled dealmakers than President Mutharika.

18. (C) Despite harsh rhetoric between Mutharika and Tembo on the campaign trail, the two parties' manifestos have few major differences. Tembo also favors development of an agricultural greenbelt, improved education and lessening Malawi's dependence on imports. However, there are differences in the details. For example, Tembo wants to move to a universal fertilizer subsidy to replace Mutharika's corruption-prone coupon system. Some contacts have also speculated that a President Tembo might seek a return to the days in which large parastatals managed grain trading and other aspects of Malawi's agricultural economy, as they did under former MCP dictator Hastings "Kamuzu" Banda. The MCP manifesto offers no evidence to support this concern. In any case, President Mutharika has displayed some of these same disturbing tendencies over the last year. A Tembo government might also seek to review and modify existing development programs, including MCC compact proposals, to align them better with the MCP's priorities. Any major changes could delay signing the MCC compact currently planned for mid-2010.

Smoother Road In Parliament

19. (C) If elected, Tembo is far more likely to face a friendly parliament. With support from MCP, UDF, and a block of Northern independent MPs, Tembo would enjoy a governing majority, but would still have to satisfy diverse constituencies. Moreover, after railing against Mutharika's disregard for the constitution for five years, there will be pressure on Tembo to adhere strictly to the rule of law.

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Given the lack of recent legislative activity, the first few years of a Tembo presidency could produce the passage of a flurry of long neglected bills. Furthermore, civil society might have a window to advocate for legal reforms to finally put to rest constitutional issues such as term limits for the President, and the budgetary independence of the Parliament.

Anti-Corruption Bureau: Protection and Persecution

110. (C) When announcing the MCP-UDF alliance, Tembo vowed to "protect" Muluzi and grant him all the privileges of an ex-president. At the same time, Tembo said he would hold Mutharika accountable and force him to account for his riches. This might be mere campaign rhetoric, but if true to his word, this double standard threatens to weaken further the ACB's independence and public credibility. One of the main focuses of our MCC threshold country program was to strengthen both public awareness of corruption and the institutional capacity to combat it. Absolving Muluzi of corruption charges that most Malawians believe are well-founded would seriously undermine the long-term fight against corruption. After its absence from power, the temptation will be high for the MCP to use government resources to return the party to its former glory. Without an independent and well-funded ACB, it could be difficult to deter government opportunists.

¶11. (C) Regardless of the outcome, Malawi's stance on U.S. and international relations is not likely to change substantially. While Tembo sees himself as one of the elders of the Southern African Development Community (SADC), Malawi's reliance on imports from South Africa and Zimbabwe, and transportation routes through Mozambique will continue to limit how vocal the GOM will be on issues regarding its neighbors. Mutharika made expanding Malawi's international peacekeeping role a priority and Tembo would be unlikely to abandon this initiative. Both recognize peacekeeping as a way to increase Malawi's global stature and generate potential income. Malawi's continuing pursuit of foreign assistance from any available source makes it unlikely that either candidate will alter Malawi's UN voting record, where abstentions will continue to be the rule.

Process Matters More than Outcome

¶12. (C) The bottom line is that DPP- or MCP-led governments would each pose major challenges of different sorts, but either one potentially could serve as an effective partner for the USG. There are likely to be few ideological barriers in either case. While Malawians may vote MCP, UDF, or DPP, they all want safe drinking water, plentiful food, adequate jobs, decent schools, working hospitals, and a voice in their country's future. All the competing political parties are promising to deliver these same things. Ultimately, what matters most right now is a free, fair and credible electoral process that yields a legitimate government prepared to address the issues. A functional executive relationship with Parliament will also be important. Once we have cleared those hurdles, which are no small things, U.S. Mission Lilongwe can concentrate its efforts on deepening our development partnership.

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